

Trust Fund Reports

House Bill 1 established investment and incentive trust funds to advance the goals of reform. The council developed programs supported by these funds with matching dollars from the institutions. These programs, though only a small percentage of postsecondary funding, have had a dramatic impact on the direction of institutional work and Kentucky's progress in addressing the council's five questions of reform.

The council has an ongoing responsibility to ensure effective institutional use of these funds. For the first time, the trust fund reports are presented collectively, integrating program outcomes and finances. The council staff revised the reporting procedure to streamline the process and to provide a comprehensive picture of how trust fund programs are working. [Attachment A](#) provides an executive summary of the trust fund reports.

The trust fund programs included in this report are:

1. Research Challenge and Regional University Excellence Trust Fund—Endowment Match Programs ([Attachment B](#))
2. Research Challenge Trust Fund ([Attachment C](#))
3. Regional University Excellence Trust Fund—Programs of Distinction ([Attachment D](#))
4. Regional University Excellence Trust Fund—Action Agenda Programs ([Attachment E](#))
5. Technology Trust Fund—Faculty Development Programs ([Attachment F](#))
6. Workforce Development Trust Fund—Workforce Development/Training Program ([Attachment G](#))

Since 1997, \$28.9 million from the trust fund programs reviewed here have been allocated to the institutions' base budgets to support ongoing programs. With the exception of the Endowment Match Program, which is not allocated to base budgets, this represents all but \$100,000 of the total dollars placed in the trust funds under review.

The council staff's review of institutional annual and biennial reports show trust fund programs are, on the whole, addressing the five questions of reform. Examples include:

Question 1: Are more Kentuckians ready for postsecondary education?

- The Action Agenda program generated over four million new dollars directed toward improving P-12 teacher quality. Comprehensive universities added professional development programs (on campus and online) for current teachers; developed programs to recruit more teachers (especially minority teachers and teachers in shortage areas); created new alternative routes to certification for practicing teachers and others in the workforce wishing to enter the teaching profession; incorporated the latest educational technology into teacher preparation programs; put more college teachers into P-12 schools; increased involvement of arts and science faculty in teacher preparation programs; and expanded student teaching and field experiences.
- Action Agenda funds support efforts to create more local and regional P-16 councils. To date, with institutional and council support, 12 local and regional councils have been formed serving over 50 Kentucky counties.
- Action Agenda programs and Programs of Distinction generated collaborative efforts to improve P-12 math and science education, including a \$1.5 million grant to focus on urban areas.

Questions 2 and 3: Are more students enrolling and advancing through the system?

- Action Agenda program funds were used to expand program offerings at extended campus and community sites for the comprehensive universities through greater use of distance learning technologies. This allows more place-bound and non-traditional students to enroll in courses and receive workplace training.
- The Action Agenda program created new programs to increase college enrollment, especially in the council's target counties. These programs support faculty participation in middle school and high school programs to promote college-going and build partnerships between college and high schools that include expanding opportunities for dual credit courses for high school students.

- Action Agenda program funds enabled the comprehensive universities to expand student support services, including better advising, to increase retention. Many funded programs focus on students with disabilities, under-prepared students in need of developmental education, first year students, and minority students. They provide early identification of problems and special counseling and tutoring services for students at risk of dropping out.
- Faculty Development program funds, with matching institutional funds, helped bring online two new teaching and learning centers at the universities and expanded programs at existing centers. These centers support improved student retention through better teaching and advising. They offer programs to improve teaching by using information technologies and diverse teaching strategies that better address the needs of non-traditional, minority, and underprepared students. With matching institutional funds, the Faculty Development program also supports a statewide online journal devoted to improving teaching, increasing multi-disciplinary team teaching, and promoting collaboration among faculty with shared interests across public and independent institutions. The journal can be found at <http://www.uky.edu/TLC/MAINPOSTER/JournalofExcellence.htm>.
- Faculty Development program funds were used to expand programs aimed at better orienting new faculty to the needs of Kentucky's students and retaining good faculty.

Questions 4 and 5: Are we preparing Kentuckians for life and work and are Kentucky's communities and economy benefiting?

- The Endowment Match Program has created 111 new endowed chairs and 176 new endowed professorships and added nearly \$370 million to university endowments to support research and economic development.
- The Research Challenge Trust Fund Programs and the Programs of Distinction generated more than \$214 million in new extramural grant funding in 2001-02. Many of the grants support new economy and advanced medical research. Others focus on research in areas like early childhood development, aging, and public health.
- The Programs of Distinction are preparing students for careers that address Kentucky's needs. Students were involved in approximately 150 research projects (of which 63 earned external funding) and 140 gained "hands on" experience through internships. More than 80 students attended conferences relating to their area of study. Institutions provided scholarship funds for approximately 130 POD students.

- Trust fund programs supported development of the council's statewide public health strategy. Common courses are being put online to allow students and public health professionals to complete a cooperative Master's in Public Health program developed by Eastern Kentucky University, University of Kentucky, University of Louisville, and Western Kentucky University to better meet Kentucky's public health needs.
- Various trust fund programs support efforts to link business "incubator" labs and faculty expertise to create new businesses and workforce needs.
- Through the Workforce Development Trust Fund, the Kentucky Community and Technical College System completed projects that created 1,128 new jobs and served 1,736 workers. Current active projects are expected to educate and train over 11,000 workers and create 3,800 new jobs.
- The KCTCS has committed \$4,435,488 of the Workforce Development Trust Fund to economic development projects in partnership with the Kentucky Cabinet for Economic Development. An additional 7,200 individuals will be served through these initiatives.

Next Steps

The council staff's review of institutional reports shows programs funded through the trust funds are, on the whole, effectively advancing the goals of reform. Transferring the funds into the institutional base budgets has provided the recurring funds necessary to create ongoing programs with long-term benefits. Given that funds are now in the base budgets, continued annual and biennial council review of the programs is especially important to ensure funds are effectively used to support program goals over the long term.

This year, as a first step in improving the review process, the council staff worked with the institutions to consolidate and streamline reporting for both program outcomes and finances. The staff will now refine reporting formats as part of the regular institutional reports to the comprehensive database and place greater emphasis on assessment of program outcomes as the programs are fully implemented.

For many programs, funds were not allocated to the institutions until FY 2001-02. Institutions reported carry forward funds for certain trust fund programs from FY 2001-02 into FY 2002-03. The amounts reported are from various sources of revenue including state general funds, institutional internal reallocations, external matching funds, and other sources. Some of the programs are new and therefore were not fully developed by the end of the

reporting period (June 30, 2002) and thus a carry forward would be expected. The council staff is working with the institutions to specifically identify the sources of the carry forward funds and their plans for how the carry forward funds will be used in FY 2002-03.

The trust fund programs focus on high priority reform goals. As institutions manage anticipated budget cuts, the council staff will use the review to ensure these programs are preserved as institutional priorities.

Finally, many of the programs devote resources to increasing participation by underrepresented groups of students and faculty in important areas of postsecondary teaching and research. To date, the results of these efforts have been modest, though the new programs look promising. Future reviews will place special emphasis on the outcomes of these diversity programs.